



Los Angeles County AUDIT COMMITTEE

Clinton Tatum, Chair
2nd District
Brence Culp, Vice Chair
3rd District
Louisa Ollague
1st District
Sheri Sakamoto
4th District
Angela Mazzie
5th District

AUDIT COMMITTEE MEETING MINUTES March 20, 2003

Vice-Chairperson Brence Culp called the meeting to order at 1:05 p.m. in the Conference Room of Room 525 at the Kenneth Hahn Hall of Administration.

Committee Members Present

Clinton Tatum, Second District
Brence Culp, Third District
Angela Mazzie, Fifth District

Committee Members Absent

Louisa Ollague, First District
Sheri Sakamoto, Fourth District

Others in Attendance

DeWitt Roberts, Auditor-Controller
Pat McMahon, Auditor-Controller
John Naimo, Auditor Controller
Maria Oms, Auditor Controller
Arlene Barrera, Auditor Controller
Thomas W. Snow, Partner, KPMG, LLP
Ken West, Assistant Director, Personnel Administration, L.A. County Sheriff's Department
Victor Rampulla, Assistant Division Director, Administrative Services Division, LASD
Greg Dragovich, Assistant Director, Financial Programs, L.A. County Sheriff's Department
Jon Fullinwider, Chief Information Officer, Department of Chief Information Officer
Jonathan Williams, Chief Deputy, Department of Chief Information Officer
Mark Gascoigne, General Manager, Information Technologies, Internal Services Dept.
Daniel Medrano, Internal Services Department
Donna Singh, Division Chief, Employee Relations, Chief Administrative Office
Laura I. Odem, Department of Human Resources
Martha Littlefield, Executive Office
Ken Wales, Executive Office

Approval of Minutes

On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved the February 20, 2003 minutes.

Old Business

Board Required Audits. The Auditor-Controller, at the Committee's request, identified audits it conducts that are not cost effective and should be discontinued or performed less frequently. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing the report.**

Management Audit of Department of Regional Planning. The Auditor-Controller's report of Strategica's audit finding on the Regional Planning organizational structure, staffing, budget administrative costs and process. This audit was conducted to provide the basis for improving the effectiveness and efficiency of program operations and service delivery. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved continuing this item to the April 17, 2003 meeting to allow time for the Department's response.**

Board Policy #5.110 Contract Language to Assist in Placement Activities – Sunset Review Date. **On motion of Clinton Tatum, seconded by Angela Mazzie the Committee unanimously approved the extension of the sunset review date to April 4, 2007.**

Court Collection Success Rate. The Auditor-Controller's initial report on GC Services' collection efforts for the recovery of delinquent Superior Court accounts. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing the report.**

Reports to be Received and Filed

Review of the Treasurer's Cash and Investment as of September 30, 2002. The Auditor-Controller's quarterly review of the cash and investments accounts in the County Treasury and the comparison of these two account figures to the corresponding records of the County Treasurer and the Auditor-Controller. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Audit of the County Treasury as of June 30, 2002. The Auditor-Controller's June 30, 2002 examination of the Treasurer and Tax Collector's records relative to the amounts and types of assets being held in the Treasury. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Chief Administrative Office - Audit of County-Owned Annuities. The Auditor-Controller's report of Vargas, Lopez and Company's review findings of the 39 open or active County-owned annuities determining that 35 annuities are in accordance with the terms of the annuity agreement. The CAO concurs with the findings and is taking the necessary corrective action. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Department of Children and Family Services Review of Internal Affairs Division – Phase II. Auditor-Controller's attachments I & II from the March 4, 2003 report on the Department of Children and Family Services' Internal Affairs Division. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Reports Received

Board Policy #3.120 Departmental Conflict of Interest and Disclosure Code. Ensures that County departments, various districts and other local agencies use a conflict of interest and disclosure code that fully and uniformly complies with the letter and the spirit of Political Reform Act of 1974. **On motion of Brence Culp, seconded by Angela Mazzie, the Committee unanimously approved extending the sunset date to March 20, 2007.**

Board Policy #5.130 Contracting with Minority/Women – Owned Firms. Standardizes information related to departments' efforts to ensure that minority and women-owned businesses are given an opportunity to fully participate in County contracts. **On motion of Brence Culp, seconded by Clinton Tatum the Committee unanimously approved extending the sunset date to November 15, 2003.**

Board Policy #5.135 County Contractor Notification to Contract Employees Regarding the Newborn Abandonment Law. Ensures County contractors and contract employees are aware of the Newborn Abandonment Law (The Safely Surrendered Baby Law) that permits a parent to safely surrender a newborn baby, at designated sites, without fear of prosecution. **On motion of Brencé Culp, seconded by Clinton Tatum, the Committee unanimously approved extending the sunset date to March 20, 2006.**

Discussion of Information Technology Services Contract Guidelines and Board Policy #6.020 Chief Information Office Board Letter Approval. Establishes guidelines for data processing services contracts with a projected cost of more than \$100,000. This Board approved policy replaces Board Policy #5.085 **On motion of Brencé Culp, seconded by Clinton Tatum, the Committee unanimously approved sunsetting Board Policy #5.085.**

Board Policy #9.030 Statement of Basic Employee Relations Principles. Reaffirms the six basic principles used as policy guidelines in the County Employee Relations Program. **On motion of Brencé Culp, seconded by Angela Mazzie, the Committee unanimously approved sunsetting the policy and remitting a copy of the minutes to the Chief Administrative Office after it is approved.**

Investigation of Hotline Referrals – Lakewood Office. The Fifth District requested the Auditor-Controller investigate allegations of negligence and mismanagement contained in an anonymous letter. The investigation discovered DCFS was untimely in responding to credible allegations of abuse of a three year old boy. The Fifth District plans to introduce a Board motion requesting a review of the procedures. **On motion of Brencé Culp, seconded by Clinton Tatum, the Committee unanimously approved sending a letter asking the Department to respond to the allegations.**

Department of Children and Family Services Child Support Trust Account Review – November 2002. The Department's response to the Auditor-Controller's November 8, 2002 review listing their corrective action plans and target dates. **On motion of Brencé Culp, seconded by Angela Mazzie, the Committee unanimously approved sending a letter to the Department requesting quarterly reports until the implementation is complete.**

Fiscal Review of International Foster Family Agency – A Foster Family Agency Foster Care Contractor. The Auditor-Controller's report on the International Foster Family Agency's fiscal operations for the fiscal period of July 1, 2000 through June 30, 2001. The review disclosed questionable costs that were either not program-related or were inadequately supported by original receipts. IFFA will provide DCFS with a corrective action in 30 days and DCFS will provide the Auditor with a written response in 60 days. **On motion of Clinton Tatum, seconded by Brencé Culp, the Committee unanimously approved receiving and filing this report.**

Allegation against International Foster Family Agency. The Third District requested the Auditor-Controller investigate a series of complaints/allegations of financial misconduct. Of the thirteen allegations, two were substantiated, three partially unsubstantiated, seven unsubstantiated, and one the Auditor-Controller was unable to fully investigate. Consequently, the Auditor-Controller initiated a financial review of the IFFA's fiscal operations for fiscal year 2001-2002. **On motion of Clinton Tatum, seconded by Brencé Culp, the Committee unanimously approved receiving and filing this**

report.

Fiscal Audit of El Camino Children and Family Services, Inc. – A Foster Family Agency Contractor. The Auditor-Controller's report on El Camino Children and Family Services, Inc.'s fiscal operations for the period of October 1, 1998 through January 31, 2002. El Camino agreed to provide DCFS with a response and corrective action plan within thirty days of this report and DCFS agreed to provide the Auditor-Controller with a written response within 60 days. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Department of Children and Family Services Review of Internal Affairs Division – Phase II. The Board of Supervisors requested the Auditor-Controller examine DCFS divisions that investigate serious injuries and children's deaths, and develop a format(s) for reporting child deaths and serious injuries to provide appropriate and meaningful information to the Board. The Auditor-Controller determined DCFS needs to consolidate responsibility for investigation/oversight and proposed certain recommendations. DCFS is addressing this issue. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved requesting an implementation timeline of the Auditor-Controller recommendations from the Department.**

Los Angeles County Audit Committee – Disputed Adoption Review. The Department's response to the Committee's letter regarding the disputed adoption. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously continued this item to the April meeting and invite the Children's Deputies to attend.**

Fiscal Review of Charter House Group Home – A Group Home Foster Care Contractor. The Auditor-Controller's report on the fiscal operations of Charter House Group Home for the period of July 1, 2000 through June 30, 2001. Charter House management agreed to provide DCFS with a written response and corrective action plan in 30 days. DCFS agreed to provide the Board with a written response in 60 days, outlining the resolution of all the findings and questioned costs contained in the report. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Entertainment Industry Development Corporation. Supervisor Burke requested the Auditor-Controller re-examine the County's existing procedures for receipting and accounting for filming Entertainment Industry Development Corporation revenue. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Sheriff's Department Contracting Status Report – February 2003. First quarterly report by the Auditor-Controller on the Sheriff's progress in improving its contracting, purchasing function, and timecards. The Auditor-Controller's review included detail test-work of sample of the new contract database and the Department's new contracting and purchasing procedures. Ken West, Assistant Director, Personnel Administration, and Victor Rampulla, Assistant Division Director, Administrative Service Division, provided the Department's response in the measures to improving the areas mentioned in the Auditor-Controller's report. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report and the Auditor-Controller will continue to provide quarterly reports.**

Sheriff's Department's Response to the Follow-up Review Report. This report was continued from the February 20, 2003 meeting. Ken West reported that the Sheriff does have timecards. However, there is at least a ten percent ratio of employees that do not fill out and/or sign timecards. Individuals who are authorized to sign timecards will go through a training program within the next year. Mr. West also stated that unless a timecard is signed by both the employee and the supervisor (except in extraordinary cases, such as the employee is operating out of the country) that the employee will not be paid. **On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved requesting that the Auditor-Controller conduct a six month follow-up to verify implementation of the new timecard procedures.**

Refugee Employment Program Review. Response by the Community and Senior Service to the Committee's letter regarding the Auditor-Controller's report of November 15, 2002. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Program and Fiscal Monitoring of Community and Senior Services' Fiscal Year 2001-2002 Domestic Violence Program Service Providers. Community and Senior Services response for a status report on the Domestic Violence Program service providers with unresolved findings. The providers have submitted their corrective action plans addressing the ten unresolved findings and their compliance with these findings. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Los Angeles County Fair Association's Independent Audit Report on Agreed upon Procedures for Lease Year 2001. Conrad and Associates, LLP performed an audit to verify the amount of rent paid to the County by the County Fair Association for the year ended December 31, 2001. The issued report indicates that the Association owes the County additional funds and that the Association agrees with the findings and has agreed to pay the additional rent. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report.**

Sunset Review for the Los Angeles County Commission on Aging. Los Angeles County Commission on Aging was established in 1949 to preserve and promote the health and general welfare of older persons living in the County. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved extending the sunset review date to June 30, 2006.**

Sunset Review for the Los Angeles County Commission on Insurance. Los Angeles County Commission on Insurance was established and has been continued by Board order pursuant to Chapter 3.35 of the Los Angeles County Code. **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved extending the sunset review date to December 31, 2005.**

Other Business

Contract Database. Maria Oms reported that the Auditor Controller will advise the Board of Supervisors in April 2003 on the status of the three phase project. Phase I is the creation of a countywide database and will be completed in the next month. Phase II allows departments to update the database via the internet and is scheduled for completion in June or July. Phase III is the connection of the database and CAPS.

On motion of Brence Culp, seconded by Clinton Tatum, the Committee unanimously approved to receive and file the report.

County's Fiscal Condition. Tom Snow, Partner, KPMG provided the Committee with an overview of the County's financial position with regard to GASB-34 and the major changes in the County's required accounting reporting procedure including a movement toward full accrual accounting, a management statement and depreciation of assets (copies of the outline on file). **On motion of Clinton Tatum, seconded by Brence Culp, the Committee unanimously approved receiving and filing this report and will issue a letter of commendation to the Auditor-Controller's Accounting Division for its thorough and accurate assembly of the CAFR when the results of the national recognition are announced.**

Public Comment

There were none

Matters not on the posted agenda to be presented and placed on the agenda of a future meeting.

There were none.

Adjournment

There being no further business to conduct, the meeting was adjourned at 2:55 p.m.